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C O N F I D E N T I A L SECTION 01 OF 03 COLOMBO 000704

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DEPARTMENT FOR SA, SA/INS; NSC FOR E. MILLARD

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SUBJECT: Ambassador meets with President Kumaratunga and reviews peace process and highlights USG programs

Refs: Colombo 694, and previous

(U) Classified by Ambassador Jeffrey J. Lunstead.
Reasons 1.5 (b,d).

1. (C) SUMMARY: The Ambassador met Sri Lankan President Chandrika Bandaranaike Kumaratunga on April 26. A visibly tired CBK said she wanted to restart peace negotiations with the LTTE as soon as possible, and was willing to discuss the LTTE Interim Authority proposal. She intends to reorganize the Peace Secretariat and bring relief and rehabilitation measures

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under it. She is still deciding on her negotiating team. She values US-Sri Lanka military cooperation. She promised an answer by the end of the week on whether Sri Lanka would proceed with the acquisition of an ex-US Coast Guard cutter. She expressed interest in the TIP/PISCES program, which she had not heard about previously. She is also interested in a Free Trade Agreement if it would have benefits for Sri Lanka. CBK said she wanted to know about ongoing and proposed US programs so decisions could be made. Though clearly fatigued, the President was much more focused and forward-looking than in previous meetings. END SUMMARY.

2. (C) The Ambassador called on Sri Lankan President Chandrika Bandaranaike Kumaratunga April 26 for a one-on-one meeting which lasted well over an hour. The Ambassador began by stating that the US supported Sri Lanka, not a particular party or person, and wanted to work with the new government, as Secretary Powell had told CBK in his recent phone call. CBK said how much she appreciated the Secretary's call and the neutral stance which the US had taken during the election.

Peace Process

3. (C) The Ambassador said that, as the Secretary had stated in his call, we believed the first priority was to restart the peace negotiations. CBK said she agreed completely and was eager to proceed. She then complained that she had told this to Norwegian Ambassador Brattskar on April 5, but he had not contacted the Liberation Tigers of Tamil Eelam (LTTE) to pass on the message, pending a written request from the GSL that Norway continue as facilitator. With Brattskar out of the country, CBK called the Norwegian Foreign Minister and obtained his agreement to a continued Norwegian role.

4. (C) CBK continued that she had received informal messages from the LTTE that they wanted the talks to start up soon, and on the basis of their proposal for an Interim Self-Governing Authority (ISGA). CBK said that she had agreed, although she would rather discuss a final solution. The Ambassador noted that the end step in this negotiation would result in the demise, or perhaps the transformation of the LTTE into a completely different kind of organization. It was unrealistic to think that the LTTE would agree in advance to such a thing. The strategy for the negotiations had to be to build a new situation step by step, so that in the end there could be no backing out.

5. (C) The Ambassador asked CBK if she had chosen her Peace Team yet or her lead negotiator. She said the issue was under discussion. When the Ambassador asked if she had any ideas about her negotiator, she said again that it was under discussion and suddenly asked the Ambassador "Do you have any suggestions?" (The Ambassador declined to enter into that discussion.) CBK did say that she would keep the Peace Secretariat but restructure it. She would bring the current "Triple R" activities (relief, rehabilitation and reconstruction) into one section, and have two additional sections: one for strategic planning and one for staff work for the negotiations. Ambassador noted that we had tried to provide some technical assistance to the Peace

Secretariat earlier, but that there had not been much

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interest, and we had therefore moved our peace support activities to Track II areas. CBK said she might be interested in some assistance to the Secretariat. The Ambassador said that the negotiations would need a carefully structured approach; utilizing the Secretariat would be important.

Military Cooperation

16. (C) The Ambassador said that, as CBK knew, we had an extensive military cooperation program with Sri Lanka. This program was designed in part to make it clear to the LTTE that if they returned to war, they would face a stronger Sri Lankan military, which would be supported by the international community. CBK said that she understood and supported this. The Ambassador then raised the issue of former US Coast Guard cutter "Courageous," scheduled for transfer to the Sri Lankan Navy as an excess defense article (EDA). He noted that Sri Lanka had to decide quickly if it wanted the cutter. Other countries would snap it up if Sri Lanka did not. He noted that the cutter would greatly increase the Sri Lankan Navy's maritime surveillance and interdiction capabilities, and would also be a visible symbol of US support for Sri Lanka.

17. (C) CBK replied that she had the file on this issue on her desk at that moment. She said that the problem was that the cutter was 36 years old and would cost the GSL \$11 million (\$7 million for refurbishment and \$4 million for new guns.) The Chinese had offered a brand new ship for \$33 million and the Indians a similar ship for \$25 million. Would the GSL not be criticized for spending so much money on a "36 year-old ship?" The Ambassador emphasized that the cutter had been maintained and revamped throughout its career, and that with the planned refurbishment, Sri Lanka would essentially receive a new ship. He said further that he had to tell CBK frankly that a tremendous effort had been expended in obtaining this ship for Sri Lanka under the EDA program. If Sri Lanka turned down the ship now, it would be difficult to make further EDA requests -- such as the Sri Lankan Air Force desire for an EDA C-130. After further similar discussion, CBK promised the Ambassador that the GSL would give its answer by the end of the week.

Anti-terrorism Cooperation

18. (C) The Ambassador said that he wanted to mention one particular program, the TIP/PISCES immigration control system, which we had briefed before the election to the Defense and Interior Ministries. The Ambassador described the system and the advantages it would bring to Sri Lanka. CBK said she was very interested and would ask for the file from the Public Security (formerly the "Interior") Ministry. She said that the Embassy should use the new Public Security Secretary as the GSL's point of contact on PISCES. There is one thing for sure, she said: "I hate terrorists."

Economic Issues

19. (U) The Ambassador said he wished to briefly raise two economic issues. We had discussed a Free Trade Agreement (FTA) with the previous government, although no decision had yet been made on whether to go ahead with negotiations. We needed to know if the GSL was still interested. CBK said that her earlier government had negotiated Sri Lanka's first FTA, with India. In general she favored free trade agreements, but, of course, there needed to be some benefit for Sri Lanka. She told the Ambassador to work with the Finance Minister on the issue, and the Ambassador said he had already raised it with Finance Minister Amunugama. The Ambassador then briefly described the Millennium Challenge Account, noting that possible participants would be chosen shortly.

10. (U) The Ambassador said that there were many ongoing or proposed programs which the USG had with the GSL, and which we were discussing with the new government. He had raised only a few during this discussion. CBK asked that the Ambassador send her a note describing these programs so that she could ensure they were dealt with properly.

Frustrations

¶11. (C) CBK said that she was tired and frustrated, annoyed that three weeks after the election, her government was still unformed due to the dispute with the JVP over ministerial portfolios. "I have been up till 2:00 a.m. every night trying to sort this out." She noted, somewhat ruefully, that the "mainstream parties" (the UNP and the SLFP) had seventy-five percent of the seats in Parliament, while the "extremists" (the JVP and the TNA), which had twenty-five percent, were able to hold the others hostage.

Comment

¶12. (C) Despite her visible fatigue, CBK was much more focused and forward looking than in previous meetings. She was also much less strident, foregoing her usual vitriolic asides about former Prime Minister Wickremesinghe. Her last attempt at direct negotiations with the LTTE, in 1995, ended in renewed fighting, at least partly because her negotiating team was inexperienced and operated without any staff or backup. From her comments, she may be prepared to try a new approach this time. END COMMENT.

¶13. (U) Minimize considered.

LUNSTEAD